

South Melbourne Market Governance Review Options Assessment

An assessment of the two options – Advisory Committee (AC) and Community Asset Committee (CAC) against the 11 criteria is provided in the table below. The analysis is colour coded (Green, Yellow, Red) for ease of reading. Green means the option fully meets the criteria. Yellow means that the option meets the criteria but there are additional considerations. Red means that the option does not meet the criteria.

Note that the grey shaded criterion are the four key focus criteria referred to in the main body of the report that were identified as having the most impact.

CRITERION	ADVISORY COMMITTEE	COMMUNITY ASSET COMMITTEE
1. Allow council to set the broad parameters	Council will be able to determine and control the arrangements is prefers via the Instrument of Delegation schedule and the Charter.	As per AC (no change)
2. Attract and fully utilise the best available skills, experience and expertise	A highly experienced and capable Committee will expect a degree of autonomy to contribute to the success of the market. As such, the structure of an AC is less likely to attract the best people. Conversely, Council has the ability to set the remuneration of non-Council committee members, and leverage the strong brand of the SMM, which may help attract high calibre representation to the AC.	A highly experienced and capable Committee will expect a degree of autonomy to contribute to the success of the market. The CAC structure could be attractive to the best people but relies on a significant enough delegation to the CAC and a coordinated and aligned CAC and CEO (as the implementation of all CAC directions will need to be made through the CEO to SMM staff). Council has the ability to set the remuneration of non-Council committee members, and leverage the strong brand of the SMM which may help attract high calibre representation to the CAC.
3. Give the Market freedom to act independently and autonomously within the parameters established by Council	On the basis of the financial dependence of the SMM for Council funds in the short to medium term, there is a limitation to how much delegation can be provided from Council (and the CEO) to a AC. Notwithstanding, there is some degree of independence and autonomy that can be afforded to the AC as outlined in the Decision and Control Framework.	The scenario for the CAC is similar to the AC. The advice obtained by Council indicates that any delegation to the CAC will need to ultimately be endorsed by the CEO (as the implementation of all CAC directions will need to be made through the CEO to SMM staff). Furthermore, the CAC model has not been used thus far for an asset of this scale and complexity. Accordingly, there may be aspects of the implementation which will need to be resolved.
4. Include strong, simple, regular and transparent reporting to Council	Council is able to include the optimum reporting regime it requires under the AC model.	Council is also able to include the optimum reporting regime it requires under the CAC model. This will most likely aid the communication between the CAC and the CEO and the implementation of any delegation to the CAC.

CRITERION	ADVISORY COMMITTEE	COMMUNITY ASSET COMMITTEE
5. Ensure the Market, as a minimum requirement, meets its own costs of operation	Neither operational model is able to meet its own cost of operation in the short to medium term.	As per AC (no change)
6. Include a mechanism for sharing any operating surplus	The current and forecast financial performance of the SMM indicates there will be no surplus in the short to medium term. However, if the SMM were to operate at a surplus in the future the AC model would see the distribution of any surplus funds determined by Council.	As per AC (no change)
7. Ensure the physical asset is properly maintained and developed	Council through the review and approval of the annual budget and business plans can establish a regime to ensure the physical asset is maintained and developed appropriately.	As per AC (no change)
8. Maximise efficiency and effectiveness	<p>The current scale of SMM (budget and FTE numbers), appears too small to be able to carry out all functions efficiently in isolation. SMM is likely to be better off leveraging Council's centrally provided services for several essential functions;</p> <ul style="list-style-type: none"> • Employment and HR • IT • Finance • Major capital works <p>The AC model can be efficient and effective if service provider arrangements can be aligned and delivered without excessive administration.</p>	As per AC (no change)
9. Manage risks to the satisfaction of Council	<p>The AC model can manage risks but</p> <ul style="list-style-type: none"> • the scale of the building assets that Council is providing, • the complexity of the operating environment, including legislative requirements, and • the expectations of the community, <p>is likely to mean that Council needs to be deeply involved to make sure its requirements (i.e. compliance with policies, reporting, safeguards, regular risk assessment and mitigation measures) are met.</p>	As per AC (no change)

CRITERION	ADVISORY COMMITTEE	COMMUNITY ASSET COMMITTEE
10. Include a mechanism for Councillor, trader and community (user, local resident and business) views to be heard by the Market	Can be readily incorporated in the AC model.	As per AC (no change)
11. Be relatively easy to implement and straightforward to run.	The AC is more straightforward to implement and operate. The major changes proposed would be those outlined in the Decision and Control Framework.	The level of change required for the CAC model is expected to be greater upfront and potentially less flexible if changes are needed. It may also potentially more cumbersome to administer given any delegations to the CAC relies on the agreement and action of the CEO to implement.